

bipartisan way, 8 Republicans, 8 Democrats, similar to what we did on the Iraq Study Group, frankly, I think this Congress will not have the courage, the foresight, the ability to vote on these issues to deal with it.

So what we are saying is a massive package up-or-down vote, 8 Republicans, 8 Democrats, this bill was drafted by the Heritage Foundation, by the Brookings Institution, supported by David Walker, supported by David Broder, by David Brooks, by economists all over the country, and then it uses the language that is in the Base Closing Commission that requires, because if you don't require this institution to act it will not act. It will find all the reasons it can to neglect it. It will require it to act in 60 days.

So I say to my colleagues on this side, if we're going to deal with this stimulus, we'd better have our own ideas and put up for a proposal, which I will do unless I'm tied and gagged, I will offer a motion here to force us to vote on this.

And I say for the other side, I ask you to do the same thing so we could come together in a bipartisan way so when we leave this Congress we know that we have truly dealt with the entitlement issue and saved America for our children and our grandchildren and future generations.

OUR ECONOMIC SITUATION AND FOREIGN POLICY

The SPEAKER pro tempore. Under the Speaker's announced policy of January 18, 2007, the gentleman from California (Mr. SHERMAN) is recognized for 60 minutes as the designee of the majority leader.

Mr. SHERMAN. I will take much but not all of this hour to speak. Roughly, the first half of the presentation will be on our economic situation. The second half will focus on foreign policy.

I know that I have a number of colleagues that may have important things to say to this House, and if they come to the floor, I'll be happy to yield them a few minutes at a time that is convenient for them.

Even with this long speech, I will not be able to cover all the details that I'd like to provide to my colleagues. Therefore, I invite all my colleagues to visit the relevant portion of my web page, bradsherman.house.gov for more of the details of the matters I'll be discussing here.

In talking about our economy, I will divide my speech first to talking about matters relevant to the Financial Services Committee, on which I've served for 12 years, and particularly the bill known as TARP, or EESA, the Emergency Economic Stabilization Act, best known to the public as the \$700 billion bailout bill.

The second part of my economic presentation will deal with the stimulus package now being put together, particularly by the Committees on Appropriations and Ways and Means.

Now, I was a critic and twice voted against the \$700 billion bailout bill, the so-called TARP. The supporters of that bill will have to admit that it has not restored our economy as the proponents had advertised, and, in fact, some of the worst times for the economy were the 2 to 3 weeks following its passage.

On the other hand, those of us who were critics should admit that the bill has, frankly, cost the government far less than I had anticipated. When I say cost, I don't mean just how much is spent, but from that must be subtracted the value of the securities, the bonds and the stock certificates received by the Federal Government.

In this case, Secretary Paulson misled this House and the other body by testifying that he would use the \$700 billion to buy toxic assets, bad bonds. Had he done that, and all of us voting on the bill had every reason to believe that he was telling us the truth, had he carried out that policy, then he would have bought, for the money he had spent, whether it's the 350 billion he has spent so far or the 700 billion that I feared he would spend, he would have spent that money in return for assets of dubious value. That's why they're called toxic assets.

In contrast, having misled the House and the other body, Secretary Paulson bought preferred stock in the various financial institutions. In doing so, he was overly generous to Wall Street as to the terms, but, nevertheless, he did secure assets for the Treasury that are of substantial value.

Paulson's shift, frankly, was right along the lines that many of us who are critics of the bill had urged him to adopt. And so those who supported the bill, those who are critics of it, must both recognize that what the Treasury has done so far is far different from what all of us believed would, in fact, be the policy.

Now, we see that \$350 billion has been expended by the Treasury, and another \$350 billion remains unspent. I am pleased that the Secretary of the Treasury has not yet taken the procedural actions to release and give himself control of the remaining \$350 billion.

It is my understanding that leadership will bring to this House a bill that will release the \$350 billion to the Treasury and will impose additional conditions. And I'd like to take a few minutes to address what I think ought to be in that bill.

First, is the issue of whether any of the funds to be released, any of that second \$350 billion, will be available to the Bush administration. Last month I wrote the chairman of the Financial Services Committee saying that we should have limits on the amount that could be spent by the Bush administration out of the second \$350 billion. In fact, I proposed that only \$10 billion or less be available to the Bush administration to deal with whatever exigencies it dealt with in its waning days. It

is my understanding that the bill that will be brought before this House will provide the Bush administration with \$0 to deal with whatever comes up in its last week or so in office.

In any case, I think, having seen Paulson in action, the vast majority of this House would believe that somewhere between 95 percent and 100 percent of the second \$350 billion, if it is made available to anyone in the executive branch should be made available only to the Obama administration.

I should point out something about process. It would be best if any bill dealing with the second \$350 billion was actually dealt with in regular order.

Now, I'm not saying necessarily that every committee of possible jurisdiction should do a full markup, but as we deal with this economic crisis, at least the primary committee as to each bill should have a markup so that Members can be heard, and the House can work its will.

In addition, I would hope that the Rules Committee would allow a reasonable number of amendments to be considered on the floor.

In addition, I would hope that the Financial Services Committee would give the same scrutiny to the financial institutions who have received and are likely to receive additional bailout monies as we gave to the executives of the three automobile makers.

We need extensive hearings. We need to bring the titans of Wall Street down, and we need to have these hearings at both the full committee and the subcommittee level.

We do not want to give further credence to the accusation that Congress and the administration have two standards for scrutinizing bailout requests, one for those who shower before work and a more severe standard for those who must shower after work. We should have at least the same amount of scrutiny to an industry that has already received the bulk of \$350 billion as we provided to an automobile industry that is requesting amounts less than 5 percent of that amount.

Now, what should we provide in the way of restrictions to those who obtain bailout funds or retain the bailout funds they have already received?

Federal dollars should be expended to bail out private interests only on the toughest terms. Taxpayers should demand the highest yield, the largest equity upside, the strictest limits on executive compensation and perks. Even when we bail out individual homeowners rather than big time executives and shareholders of major companies, the Treasury should get a large share of the profit that they earn when they sell their homes.

Why is it so important that we are tough on those who seek bailout funds? There are three important reasons. First, being tough will increase support for the program. The public is currently focused on executive compensation and perks. I think it will soon focus on the value of the securities the

Treasury is receiving, including warrants that represent the upside, the potential profits of a company that is receiving bailed out funds.

□ 1415

We need public support for the enactment, and there is considerable public skepticism. In talking to my colleagues, I find very few who are enthusiastic about releasing the second \$350 billion to the executive branch, and I find, while most of my colleagues believe that we need a stimulus package, there is real reluctance to adopt one as large as that being recommended by so many prominent economists. We can achieve that support in this House and in the public by being tough on those who receive bailout funds.

Second, being tough on those obtaining bailout funds will help to limit the number of people seeking to be bailed out. Not even the Federal Government can afford to fund all of the bailouts that will be demanded if executives see the Federal Government as a source of easy and cheap money.

Third, getting a good deal by tough negotiations with anyone receiving a bailout will reduce the amount by which we are increasing the Federal deficit. We will be expending hundreds of billions of dollars now. I'm just addressing the \$700 billion piece that is half completed. There will be other expenditures. We need to reassure our children, and we need to reassure the international markets that we are acting responsibly to minimize the increase in the Federal deficit.

Now, some of the expenditures being made out of the TARP funds are going to be money lost forever. It's going to be buying assets that turn out to be worthless or investing in companies that go bankrupt. That is why we need a very large upside on those of our investments that are successful. Typically, the Federal Government obtains an upside by obtaining warrants from the companies it provides bailout funds to. These allow the taxpayers to reap the benefits of a company's success when it returns to profitability and when that profitability is reflected in its stock price.

I believe that, in the negotiations with Wall Street, Secretary Paulson has been far too generous to his friends in the financial services industry. Given the tremendous risks the Federal Government is assuming, taxpayers should be receiving far more of the upside in return for their investments.

For example, in the recent bailout of Goldman Sachs, the taxpayer received half the rate of return and one-sixth the warrants that investor Warren Buffett was able to receive on a similar investment that he made in Goldman Sachs for his fund.

The Emergency Economic Stabilization Act gives the Treasury too much discretion as to what to demand in the way of warrants. While the Treasury is required to obtain warrants when it in-

jects capital into financial institutions, it can accept as few warrants as it likes.

The Treasury has adopted a one-size-fits-all approach, which provides the Federal Government with warrants equal to 20 percent of its investment when it buys preferred stock in a financial institution. Not even this 20 percent is required by the statute, and this 20 percent is often way too low because those healthiest banks on Wall Street were willing to give us 20 percent. Clearly, the riskier banks on Wall Street that got bailout funds were not adequately compensating the American taxpayer for the risk we are taking because they only provided 20 percent warrants, a figure that might be appropriate for those financial institutions that are low risk.

The question is: What can we do in a statute? Clearly, we hope that the next Secretary of the Treasury will drive a tough bargain whenever investing our taxpayer dollars in private firms, but we can do something in the statute.

At a minimum, we should include language that was in an early version of the House bill dealing with the automobile relief that requires warrants of at least 20 percent, and we should make it clear that this 20 percent is a floor, not a ceiling. We should direct the Secretary of the Treasury to demand warrants that fully compensate the taxpayer for the risks being taken in any particular deal.

Then we turn to the issue of executive compensation and perks. These are very important to taxpayers and are important in deterring those companies that don't need a bailout from coming to Washington in their private jets, hats in hand.

Now, the bill, as interpreted by the Bush administration, has allowed multimillion dollar salaries to continue to be paid to the very executives who drove their companies into the ditch, and the Bush administration has chosen to impose no limits on perks. In particular, the Bush administration has ignored section 111(b) of the EESA, also known as the TARP bill.

That section states: Where the Secretary determines that the purposes of the act are best met through direct purchases of troubled assets, the Secretary shall require that the financial institution meet appropriate standards for executive compensation and corporate governance.

Virtually all of the \$350 billion that the Secretary of the Treasury has expended has been pursuant to his determination that we could best be served through direct purchases of troubled assets. He has not done an auction, which was the main part of the bill he was trying to sell to us. Instead, he has simply made direct purchases of assets from companies, negotiated one at a time. In those circumstances, the law requires that he shall require that the financial institution meet appropriate standards for executive compensation and corporate governance.

What has Secretary Paulson done?

He has allowed multimillion dollar bonuses to be paid to the executives of AIG. He has allowed million-dollar-a-month salaries to continue to be paid to executives of bailed-out Wall Street firms. He has allowed all of those entities to continue to operate fleets of private jets. Despite getting our money, Goldman Sachs spent almost a quarter million dollars a year to provide a limo for one executive. This does not constitute appropriate standards for executive compensation and corporate governance, nor should Congress simply punt to the executive branch what those appropriate standards should be.

Instead, we should provide by law that, if a company gets a Federal bailout, the firm must limit its total compensation package to any executive to no more than \$1 million per year for as long as the firm is holding our money. The limits should apply to the whole package of compensation—salaries, bonuses, pension plan contributions, and stock options. In particular, a huge grant of stock options to an executive at this time could be a bonanza—and an unjustified one—because right now all the stock prices of Wall Street firms are at depressed levels, and an option given to an executive to buy shares of stock for \$1 or \$2 a share could turn out to be more valuable than a ton of winning lottery tickets.

To the extent any existing contract provides for executive compensation in excess of that which is allowed under statute, I suggest that the bill provide that that contract is void as against public policy.

Now, let us turn to perks. We should limit luxury perks like corporate jets and chauffeured limousines. We should prevent these while any firm is holding taxpayers' money. I'll point out there are firms on Wall Street that got money from Paulson that said, "Hey, we signed up for the money. We never knew you were going to get tough with us." Fine. You don't like the new rules? Give us back our money; but if you retain taxpayer money, then you should not, as Goldman Sachs has done, be paying a quarter million dollars in a year for a chauffeured limousine service for one executive. If the firm's executives don't want to take off their belts and their shoes and go through airport security like the public does, then that firm should not receive and should not retain a bailout, and it probably doesn't need one.

For as long as those bailout funds are outstanding, we should prohibit firms from owning, leasing or chartering luxury jets or from maintaining a fleet of chauffeured limousines. We should provide exceptions for chartering planes to travel to remote areas, areas remote from scheduled air service, and we should allow some sort of driver and auto to be provided to those executives who face severe physical challenges.

We may also want to provide limits on how much the company reimburses its executives per night for any hotel

room—a maximum amount of \$500 comes to mind—or per meal for any meal. Perhaps it should be \$100 per meal. I hate to get down to this level of specificity, but Wall Street has proven that they will squander the money taxpayers provide their firms on lavish parties and fancy travel if we are not specific.

It is possible that the auto bailout bill that passed this House will be used as a model for limiting executive compensation and perks. If that's the case, we had better strengthen it first. We had better make clear that the limits on bonuses apply not just to cash bonuses but also to grants of stock options. We should limit the total compensation to \$1 million a year, and we should limit the use not just of leased or of purchased luxury aircraft but also of chartered luxury aircraft. Finally, we should have appropriate limits on limousines.

Let me point out that some of my colleagues have noticed that I was tough on the auto executives who used their private jets to come to us the first time.

One of those companies has told me very explicitly: "Sherman, the law may say that we can't own the jets; the law may say we can't lease the jets, but the law, as passed by the House, says we can still charter the jets, and our CEO is never going to fly commercial."

That's fine unless that firm receives bailout money. Once it does, we have to limit it. We can't play a shell game with the American people. Oh, we'll limit the luxury travel, and then just have the company charter the jet instead of lease the jet. That would be a fraud on the American people.

There is one other important improvement that we need to make to the TARP bill. You see, after that bill passed, the Treasury adopted, as I mentioned before, a plan to buy preferred stock, in particular, of financial institutions. The next administration will probably use a good chunk of the money to go back to the original plan, which was to buy bad bonds—toxic assets—from the financial institutions. Then we have to be worried. If we're buying bad bonds, at least we should buy bad bonds owned by American investors. It is not the purpose of this bill to bail out banks in London and in Riyadh and in Shanghai.

I want to make a technical distinction. I have no objection to our treating as American companies such firms as Hancock Insurance and Fireman's Fund that happen to be owned by a foreign parent. We should look at what company is on American soil, and we should provide appropriate bailouts to the companies on American soil, but what we should not do is start bailing out banks in Shanghai, London and Riyadh.

Under the bill as we passed it from this House, the Bank of China can sell a portfolio of toxic assets to any U.S.-headquartered entity whether it owns

that entity or not. It could be a small branch that it owns in my State of California or it could be some big bank on Wall Street that it does not own, but the Bank of China can sell a portfolio of bad bonds to a U.S.-headquartered entity on Monday, and under the bill we passed, that entity can sell those same bonds to the Treasury on Tuesday. I call this the China two-step. It is a mechanism by which we will end up bailing out the bad business investments, not of U.S.-based companies, but bad bonds which are held in safes in Shanghai and in London.

Our new legislation should provide that the Treasury can only buy assets—bad bonds, mortgages—proven to be held by a U.S. entity—whether it's a foreign-owned entity or not, an on-the-ground, in-the-United States entity—on September 20, 2008.

□ 1430

We should only be buying the bad bonds that were in safes located in America on September 20, which is the day that Paulson went public with the need for a bailout bill.

Now, I look forward not only to reforming the TARP bill but also using that reform as an opportunity to pass other legislation within the jurisdiction of the Financial Services Committee that can help deal with this economic crisis. And I want to point out, first, things that we can do that won't cost the treasury a penny, because before we start spending trillions of dollars, we should say, "What can we do to get out of this mess that doesn't cost us anything?"

There are a couple of opportunities.

First, we can increase the amount of business lending that can be made by credit unions. Right now, we limit credit unions severely as to how much business lending they can do. We could, for the duration of this crisis, allow those credit unions to make those business loans to small business: \$100,000 loans, \$150,000 loans. I'm only talking here about smaller loans to small businesses that need them. We need to allow businesses in all of our districts to get that \$100,000 loan that they need to expand or even to stay in business. And it is just folly for us to take one of the healthy groups of financial institutions in this country namely, the credit unions, and tell them they can't make the \$100,000 loan that is desperately needed by the small businesses in our respective districts.

Second, we need to increase the conforming loan limit. The conforming loan limit is the size of the loan that can be purchased by Fannie Mae and Freddie Mac. Those are basically the only loans that are being made today. And the cost of housing differs tremendously from one region of the country to another, even in these tough times when of course in most regions prices have gone down.

Last year, we raised the conforming loan limit to \$729,750 for high cost

areas, but we allowed that increase to expire effective on the first day of this year. We need to restore that at 730, perhaps raise it to 750. Now, this will not cause the Federal Government to lose a penny because Fannie and Freddie actually make a profit on the larger loans. They suffer losses or have suffered losses on the smaller loans.

One way we can help replenish the money that Fannie and Freddie have lost is to allow them in high cost areas to do loans at the \$750,000 level. That can be so critical for some of our big cities where declines in house prices have so badly affected local economies.

Now let me turn my attention to the stimulus bill, the bill that will basically be crafted by the Appropriations and Ways and Means Committees.

First, I want to approach the general principles that should be covered under that bill, and then I want to comment on specific ideas that are being put forward in light of those principles.

Mr. Speaker, this country faces the specter of depression. A deflationary cycle threatens a long period of economic contraction. We need an enormous immediate economic stimulus. But unless that stimulus is well designed, it may not pass Congress. Unless it is well designed, it may not achieve its objectives. And unless it is well designed, it may sow the seeds of a future disastrous decline in the value of the dollar.

So we have to make sure that the stimulus bill is big and fast but also tough, temporary, and self-reversing.

What do I mean by "tough"? As I have said, Federal dollars should be extended to private interests only on the toughest terms. And I have indicated there are three reasons for that.

First, we've got to discourage everyone from seeking a bailout or from believing that they're suckers for not seeking a bailout.

Second, we need to increase public support for what will be a highly contentious and difficult-to-pass stimulus bill. It will be much easier for Members to vote for such a bill if it provides the toughest terms to those who are receiving extraordinary Federal largess.

And finally, as I pointed out, by getting warrants, by getting other securities that give us a share of the upside, we will be in a position to decrease the increase in the deficit occasioned by the stimulus package.

Now let's talk about why the bill must contain provisions so that the stimulus is temporary and reversible. Self-reversing, in fact.

Keynesian economics offers a simple prescription for the difficult times we're facing now. That is to say, easy money now and fiscal and monetary austerity after the economy improves.

How in good conscience can we vote for a massive economic stimulus now if we believe that it is unlikely that Congress will adopt austerity later? We in Congress love handing out money. We know that. We love tax cuts, and tax rebates, and tax holidays, and tax fiestas, and benefit expansions, and subsidies, and bailouts, and infrastructure

projects, and aid to States, and aid to cities and Rite Aid, Kool-Aid. We like spending money.

Can we count on future Congresses to discontinue and then reverse the fiscal expansion that is necessary today? What I fear is going to happen is that the advocates of fiscal responsibility—and I count myself among them—may prevent Congress from giving us the full level of economic stimulus that we need now. I fear that the stimulus will not be as big and fast as we need now. And simultaneously, I fear that the advocates of tax cuts and the advocates of free spending will prevent us from turning off the spigot later.

To avoid this outcome, the stimulus package should be both temporary and self-reversing. The same statute which provides a huge amount of stimulus should also provide particular identified tax increases and expenditure cuts that will go into effect automatically in the year 2013. The statute could and should provide that those automatic provisions would be delayed if we failed to achieve 3 percent economic growth in the year 2012.

Now, of course I can't know today what is the best budgetary policy for this country in 2013. We would have to fine tune or change anything that we write today as 2013 approaches. But we need to give the upper hand to those who would advocate fiscal responsibility after economic growth has resumed.

If austerity in 2013 is mandated by a statute that goes into effect, then the advocates of fiscal responsibility will have that upper hand and can negotiate with our colleagues to make sure that we get the kind of austerity that should follow the fiscal expansion that we need now. Only if an economic stimulus proposal is tough, temporary, and self-reversing can we generate the political will necessary to adopt a proposal that's big enough and fast enough. Only if stimulus measures are temporary and self-reversing can we make sure that the actions we take this month do not eventually lead to inflation, higher interest rates, a declining dollar, and an enormous and permanent increase in the Federal debt.

So these are the principles that I think should guide us with regard to particular elements of the stimulus bill.

Now let us look at particular proposals. Are they efficient? Do they get money into circulation quickly? Does every dollar we spend or forego get into the economy and get in quickly?

Second, is the money spent for a good purpose?

Third, does the money stay in the United States, or are we going to be spending money at the Federal level that goes to simply finance our trade deficit?

And finally, are the provisions temporary and self-reversing?

First, let us talk about aid to States. This is, I think, the most important

element of the program because what could be worse for an economy facing contraction than to see our police officers and teachers being laid off by State and local governments just when we need to keep people employed.

If we provide aid to States, what about the efficiency? I think every State government is going to spend that money effectively. Those States that don't need it may choose to save it for the future, but there are very few of those. Will the money be put to good use? Yes, to keep teachers and firefighters and police officers on the payroll and all on the job. Will the money stay in the United States? One hundred percent of it stays in the United States.

And, of course, this would be temporary. If we wanted, we could even make it self-reversing. Most States are not allowed to borrow money from the Federal Government by their own constitutions, but what we could do is change the reimbursement formulas so that we take a bigger share of the Medicaid budget than we do now and let the States save money on that with the understanding that come 2013, not only does that formula go back to where it was, but it may even swing in the other direction and be adverse to the States.

They could plan for this. This would be a way to make the proposal of State aid even self-reversing. But if it's not self-reversing, it will be temporary. It will be efficient. It will be a good use of money, and the dollars will stay in the United States.

Second is the possibility of tax rebates to consumers. This is money that will be well spent by America's families who need it. But we cannot be sure that they will spend it. It may be saved, and we have to expect that of the portion of it that will be spent, much of it will be spent on foreign-made goods. So it may be important to provide these rebates to consumers in our society. It will help keep the retail economy going, keep our shopping centers from going bankrupt, et cetera. But let us remember that a chunk of that money is going to go overseas.

A third element is business tax breaks, and here we have to draw a distinction between those business tax breaks, which we in the tax world call "timing differences," and those that are permanent tax reductions.

What are the timing differences? Timing difference is when you give somebody a deduction today that they would otherwise get tomorrow anyway. You have simply changed the year in which they get the tax reduction.

There are two proposals on the table from the Obama transition team that fit this bill. One of those is changing the rules with regard to investments up to, I believe it's a quarter million dollars, to let smaller businesses write this money off in the year in which they spend the money. In the absence of a special provision, they would have to capitalize that money and write it off as the asset they purchased is used up, as the machinery wears out.

Well, we want to encourage businesses to invest now, and ultimately it costs us little or nothing. Yes, we give them the deduction right now this year, otherwise they would take it over a period usually of 5 years. Why not give them the deduction now? The ultimate increase in the deficit over 5 years is very small.

□ 1445

Now, it is true that there's a time value of money. Not getting tax dollars today and getting them instead several years from now, that used to be thought of as a cost to the Treasury because you have to pay interest on the money the Federal Government borrows. But today the Federal Government is borrowing money for amazingly low interest rates, some at the rate of zero, and so the fact that we will get the tax dollars collected from businesses 2 or 3 years from right now, rather than immediately, scarcely increases the Federal deficit.

Another issue is net operating loss carryforwards and carrybacks. These are companies that made money during the last 5 years. Now they're losing money in 2008 or they're going to lose money in 2009. Current tax law allows them to write off those losses chiefly against money they make in 2011, 2012, future years. We should allow these companies to carry it back, to use these net operating loss deductions now to offset the taxes they paid in prior years.

First, I regard this as fair. Any accounting theorist will tell you that the use of the 1-year accounting period is arbitrary, that companies make and lose money in cycles. Business cycles often last many years, and so you cannot say that it is anything but artificial to say, well, you made money in 2007, you lost money in 2008. No, you made and lost money over a period of years that we have artificially divided into 12-month periods. So saying that you have to pay money on the taxes you made in 2007 but cannot get an immediate refund of those taxes when you discover that really over the 2-year period you've lost money is not consistent with good accounting theory. We should allow net operating loss carryback.

The other thing is these net operating loss deductions. They're going to be taken at some point. We might as well let them be taken now, and the ultimate increase in the deficit is very small.

So those are two provisions that I think will encourage business and will provide a lot more money in expenditures today than an ultimate increase in the deficit over a 5-year period.

So I look forward to working with my colleagues on economic policy. I will have more details of what I've talked about on the Web page, bradsherman.house.gov. This is the beginning of a dialogue on how to deal with the greatest economic crisis that we have faced in the lifetimes of all but the oldest Members of this body.

FOREIGN POLICY

At this point, Mr. Chairman, I'd like to focus on foreign policy and particularly the Middle East. Again, I would point out that if there are colleagues that would like me to yield them a few minutes and they happen to be on the floor, they need only get my attention.

Now, I want to commend the Bush administration for its support of Israel during this difficult period. Now, the press, as is often the case, is beating up Israel due to its lack of understanding of what is happening and how to interpret it.

First, let us remember that over the last several years Hamas has sent nearly 7,000 rockets into Israel. That's 7,000 times they have attempted murder. But the press would have you believe that those attempts at murder don't count because most of them were unsuccessful. This is absurd. The malice is demonstrated by the attempted murder, and I use the term "murder" explicitly here because every one of those rockets was fired with only one intention: kill Israeli civilians. Not a single one of those rockets was targeted at anything military. The fact that they haven't killed 7,000 Israelis does not reflect well on their morality. It may reflect poorly on their aim.

Second, and this is under-covered by the press, the United Nations has stated that roughly three-quarters of the casualties in Gaza are of terrorists—military, gun-toting, Hamas terrorists. This is a true tribute to the tactics used by Israel because Israel has done everything possible to avoid civilian casualties. Hamas has done everything possible to increase civilian casualties. Again and again, they fire rockets from the middle of schools, from the middle of hospitals, from the middle of residential neighborhoods.

I mean, these people live very close to each other. Israel actually has the Gaza phonebook. They will call a house and say, We know military supplies are being stored there, we're going to hit this house, you've got 10, 20 minutes to leave. And what happens? Hamas forces civilians up to the rooftops.

Perhaps one of the best-known examples is the highest level Hamas individual to be killed by Israel. At his home he stored rockets and Israel knew it. He announced publicly that he wanted to be a martyr and that he, himself, would be at his home. And Israel called that home and said we want to avoid civilian casualties. We have to hit that home because we know that rockets are being stored there, you have time to leave. What did this Hamas leader do? He forced and brought together his four wives and their many children and insisted that he be allowed to die as a martyr and that as many of his family members would die as possible in order to increase civilian casualties.

Now, it is well-known that Israel is allowing trucks of supplies to get into Gaza. This is usually known by press critics who say Israel didn't allow a re-

supply truck in at this particular hour; they made the truck wait a couple of hours. Let us compare this to the wars we are most familiar with: World War I and World War II.

During each of those wars, Britain used its entire navy to cut off every German civilian from food imports and any other kind of import. And Germany deployed its submarines with the sole effort of depriving the British of the food imports they needed from chiefly the New World.

So, in the wars we're most familiar with, both the good and the bad side did everything possible to stop civilian supplies from getting into Germany or Britain. Compare that to an Israel that protects the trucks as they go in.

With that, I'd like to yield to the gentleman from Georgia (Mr. BROUN).

Mr. BROUN of Georgia. I thank the gentleman for yielding. I appreciate my Democratic colleague for bringing this very important issue to the forefront, and I support your effort to do so, and I trust that we across the aisle can continue to support Israel.

In the Torah, in the Old Testament of the Bible, we read: Blessed is the Nation that blesses Israel, and cursed is the Nation that curses Israel. We as a Nation have been extremely blessed by our creator, by God, and I believe a big part of that, a huge part of that is because we have blessed Israel and supported Israel. These people are under attack by terrorists who consider Jewish people dogs, less than human, and we need to support Israel.

I highly congratulate my Democratic colleague for bringing this forward, and I encourage our colleagues to continue to support Israel, to continue to do what we can to make sure that the Israeli citizens remain safe against these heinous attacks by Hamas, by Hezbollah, by the Iranian people who are funding both organizations. So we need to absolutely continue to support Israel so that God will continue to support America, and I congratulate my colleague for bringing this forward, and I look forward to working with you to continue to support Israel.

Thank you.

Mr. SHERMAN. I look forward to working with the gentleman from Georgia and thank him for his remarks.

Any discussion of the morality of war sometimes gets off on what I think is a sidelight. People always want to criticize this or that sergeant, this or that gunner; oh, you shouldn't have responded this way to rocks being thrown; oh, your attempt to return fire to a Hamas rocket site was off by 10 yards or 20 yards in the direction of a civilian location.

We have to remember, the moral responsibility for war and for the deaths of war cannot be placed at the feet of this or that sergeant making this or that decision under life-threatening conditions. The moral responsibility for war and for its casualties must be placed on politicians who seek extreme

and unjust objectives through violent means.

Here's a case where Hamas has earned its designation as a terrorist organization. Not only does it use terrorist means, but what are its objectives? They are stated very clearly. They are for the death or expulsion of every Jew from the Middle East. They refuse any change in that policy. So whether it is genocide or ethnic cleansing or more likely a combination of the two, these are the objectives of Hamas, being pursued by violent means. It is obviously the fault of the politicians of Hamas who seek these objectives that must be held responsible for the resulting carnage.

We need a sustainable, permanent cease-fire, not a 2-day resupply truce to allow Hamas to bring in more rockets.

Now, I think it's clear that this is not just a conflict between Israel and Hamas. It is a conflict between the Government of Iran and the people of the United States. The fighting in Gaza has demonstrated again that the ultimate adversary of the United States and its allies in the Middle East is the Government of Iran. Hamas is a terrorist organization seeking the destruction of Israel in favor of an Islamic Palestinian State, but it is also an Iranian proxy. As such, it is part of a regional war waged by the Iranian regime against the United States and its allies.

Many Hamas weapons are made in Iran, and many top Hamas military leaders and the experts who launch the missiles into Israel were trained in Iran. Iran also provides the group with significant funding. It is unlikely that Hamas would have been able to achieve its status as the premier Palestinian terrorist organization and thus provoke this crisis without Iranian backing.

Iran-backed Hamas, like Iran-backed Hezbollah, shoots rockets at Israeli civilians from deep inside their own densely populated civilian population, knowing that when Israel acts to defend itself innocent Palestinians will be among the victims.

Through Hamas, Hezbollah and its operatives in Iraq, Iran and its government are able to stir up crises in the Middle East, thus injuring American prestige while helping to achieve that government's own aims.

We know that Iran is working hard toward the possession of a nuclear bomb. This would allow Iran to act with impunity in the future. A nuclear Iran would go from provoking this crisis to that crisis, and we would have to go face-to-face with a nuclear power, each time hoping, hoping for the same results we saw in the Cuban missile crisis—that is to say, going eyeball-to-eyeball with a hostile nuclear power hoping we always have the same result, namely, some peaceful resolution.

□ (1500)

It only takes one crisis with a nuclear power that goes in the wrong direction to destroy an entire city or an entire country.

Furthermore, we should recognize that if the regime in Tehran ever finds itself on the verge of collapse—and many of us pray for that day—its leaders may decide to go out with a bang.

Preventing Iranian nuclear possession is critical to world peace, and we can still succeed in accomplishing that goal, but we have to act quickly. The good news is we have used only 1 percent of the tools that are available to us, and therefore we can do a lot more. The bad news is we've used only about 1 percent of the tools available to us. We have demonstrated a lack of political will to use the methods that we have to use to put pressure on the Iranian regime.

Now, President-elect Obama has a strong record of working to put pressure on the Iranian regime. He voted for the Lautenberg amendment, which would have prevented U.S. oil companies from doing business with Iran through their foreign subsidiaries. And he authored a bill that would have encouraged divestment from firms—chiefly oil companies—doing business with Iran.

He will have the ability, when he takes office, to go a long way toward increasing the price the Iranian Government pays for its stance on the nuclear issue and its support for terrorism. First, he can stop U.S. oil companies from using their overseas subsidiaries from doing business with Iran. We should also do that by legislation.

The administration can start enforcing the Iran Sanctions Act. We can demand that the World Bank stop dispersing funds to Iran in the form of concessionary loans which have not been effectively opposed by the current administration. We can deny nuclear cooperation agreements to countries that provide technologies to Iran. We can deny insurance to ships that carry cargo to Iran. And we can put economic pressure on American foreign companies seeking to build liquefied natural gas plants in Iran and those that sell refined petroleum—chiefly gasoline—to Iran.

Now, while Iran is oil rich, it needs to import nearly half its gasoline because it lacks refinery capacity. I'm here to bring to the House's attention one recent success. The Indian press is reporting that as a result of pressure that was initiated in the Congress, a major Indian petroleum refinery is halting its business dealings with Iran. I want to thank the several of my colleagues who joined with me in sending a letter to the U.S. Import-Export Bank to demand that EX-IM not provide loans to this particular Indian refinery as long as the Indian refinery was supporting Iran and providing it with the gasoline it needs.

I look forward to being able to convince Iranian elites that they face other economic and diplomatic isolation if they continue their nuclear program and continue their support for terror, and there are many other ways that we can achieve that objective. I

invite my colleagues again to see more details at bradsherman.house.gov.

SANCTITY OF HUMAN LIFE ACT

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Georgia (Mr. BROWN) is recognized for 5 minutes.

Mr. BROWN of Georgia. Mr. Speaker, I believe that there is no greater moral issue that America faces that is more important than the killing of 4,000 babies every day through abortion. God cannot and will not continue to bless America while we're killing those innocent unborn children.

As we ring in the new year and begin the 111th Congress, the need to protect the unborn remains front and center in the national political debate. Each year, in keeping with my promise to my constituents and many around the country that the first bill that I will introduce provides constitutional protections to unborn children, today I'm honored to introduce the Sanctity of Human Life Act, H.R. 227, that defines life beginning at fertilization with the creation of a human zygote, a one-celled human being.

As a physician, I understand the medical and scientific truths that life begins at fertilization. I also understand that the entire abortion debate rests on the decision of when life begins. That's why my bill, among other things, says unequivocally that at the moment of fertilization, when this spermatozoa enters the cell wall of the oocyte and forms that one-celled human being, the zygote, that a human life begins and must be protected under law.

As James Madison wrote in Federalist 39, the form of our government must be "reconcilable with the fundamental principles of the revolution," the American Revolution. First among those principles is the right to life. If a nation will not protect the most innocent of human beings, who will we protect? Concerned citizens and lawmakers must keep this fundamental principle in mind as we work fervently to protect the rights of unborn children.

When I was a full-time doctor prior to coming to Congress, I served on the board of directors for a crisis pregnancy center in inner-city Atlanta, Georgia. We were fighting to save babies of underprivileged moms, many black moms in Atlanta. From a statistical standpoint, more black babies are being killed proportionately through abortion than white babies, and we were working to save those children.

I'm using the tools that my constituents have blessed me with to protect life and give constitutional protections to the innocent unborn. My bill, the Sanctity of Human Life Act, gives Republicans and Democrats alike who cherish life an opportunity to protect and defend the innocent and most defenseless among us.

We need to pass the Sanctity of Human Life Act. I encourage my col-

leagues to get on this bill, support this bill, bring it to the floor for a vote, and stop killing these unborn children so God will continue to bless America.

ELECTING MEMBERS TO CERTAIN STANDING COMMITTEES OF THE HOUSE OF REPRESENTATIVES

Mr. LARSON of Connecticut. Mr. Speaker, by direction of the Democratic Caucus, I offer a privileged resolution and ask for its immediate consideration.

The Clerk read the resolution, as follows:

H. RES. 24

Resolved, That the following named Members be and are hereby elected to the following standing committees of the House of Representatives:

(1) COMMITTEE ON APPROPRIATIONS.—Mr. Murtha, Mr. Dicks, Mr. Mollohan, Ms. Kaptur, Mr. Visclosky, Mrs. Lowey, Mr. Serrano, Ms. DeLauro, Mr. Moran of Virginia, Mr. Olver, Mr. Pastor, Mr. Price of North Carolina, Mr. Edwards, Mr. Kennedy of Rhode Island, Mr. Hinchey, Ms. Roybal-Allard, Mr. Farr, Mr. Jackson of Illinois, Ms. Kilpatrick of Michigan, Mr. Boyd of Florida, Mr. Fattah, Mr. Rothman, Mr. Bishop of Georgia, Mr. Berry, Ms. Lee, Mr. Schiff, Mr. Honda, Ms. McCollum of Minnesota, Mr. Israel, Mr. Ryan of Ohio, Mr. Ruppersberger, Mr. Chandler, Ms. Wasserman Schultz, Mr. Rodriguez, Mr. Lincoln Davis of Tennessee, Mr. Salazar.

(2) COMMITTEE ON ARMED SERVICES.—Mr. Spratt, Mr. Ortiz, Mr. Taylor, Mr. Abercrombie, Mr. Reyes, Mr. Snyder, Mr. Smith of Washington, Ms. Loretta Sanchez of California, Mr. McIntyre, Mrs. Tauscher, Mr. Brady of Pennsylvania, Mr. Andrews, Mrs. Davis of California, Mr. Langevin, Mr. Larsen of Washington, Mr. Cooper, Mr. Marshall, Ms. Bordallo, Mr. Boren, Mr. Ellsworth, Mr. Patrick Murphy of Pennsylvania, Mr. Johnson of Georgia, Ms. Shea-Porter, Mr. Courtney, Mr. Loebsack, Mrs. Gillibrand, Mr. Sestak, Ms. Giffords, Ms. Tsongas, Mr. Nye, Ms. Pingree of Maine, Mr. Kissell, Mr. Heinrich, Mr. Kravotil, Mr. Massa, Mr. Bright.

(3) COMMITTEE ON ENERGY AND COMMERCE.—Mr. Dingell, Mr. Markey, Mr. Boucher, Mr. Pallone, Mr. Gordon of Tennessee, Mr. Rush, Ms. Eshoo, Mr. Stupak, Mr. Engel, Mr. Gene Green of Texas, Ms. DeGette, Mrs. Capps, Mr. Doyle, Ms. Harman, Ms. Schakowsky, Mr. Gonzalez, Mr. Inslee, Ms. Baldwin, Mr. Ross, Mr. Weiner, Mr. Matheson, Mr. Butterfield, Mr. Melancon, Mr. Barrow, Mr. Hill, Ms. Matsui, Mrs. Christensen, Ms. Castor, Mr. Sarbanes, Mr. Murphy of Connecticut, Mr. Space, Mr. McNERNEY, Ms. Sutton, Mr. Braley of Iowa, Mr. Welch.

(4) COMMITTEE ON FINANCIAL SERVICES.—Mr. Kanjorski, Ms. Waters, Mrs. Maloney, Mr. Gutierrez, Ms. Velazquez, Mr. Watt, Mr. Ackerman, Mr. Sherman, Mr. Meeks of New York, Mr. Moore of Kansas, Mr. Capuano, Mr. Hinojosa, Mr. Clay, Mrs. McCarthy of New York, Mr. Baca, Mr. Lynch, Mr. Miller of North Carolina, Mr. Scott of Georgia, Mr. Al Green of Texas, Mr. Cleaver, Ms. Bean, Mr. Moore of Kansas, Mr. Hodes, Mr. Ellison, Mr. Klein of Florida, Mr. Wilson of Ohio, Mr. Perlmutter, Mr. Donnelly of Indiana, Mr. Foster, Mr. Carson of Indiana, Ms. Speier, Mr. Childers, Mr. Minnick, Mr. Adler of New Jersey, Ms. Kilroy, Mr. Driehaus, Ms. Kosmas, Mr. Grayson, Mr. Himes, Mr. Peters, Mr. Maffei.

(5) COMMITTEE ON TRANSPORTATION AND INFRASTRUCTURE.—Mr. Rahall, Mr. DeFazio, Mr. Costello, Ms. Norton, Mr. Nadler of New